

Question No 1

Analyze the expansion of BRICS and SCO, emphasizing the transition from 'Old' to 'New' multilateralism. How can Pakistan capitalize on these organizations to enhance the multilateral dimension of its foreign policy?

Introduction

The expansion of BRICS and SCO marks a structural shift in global governance and order from western led, rule based liberal multilateralism to a pluralistic, power diffused new multilateralism. Global South has a leader role in this new multilateral organization which is eroding unipolarity, interest-oriented and issue based cooperation. For Pakistan, these developments offer many opportunities to diversify the foreign policy options like strategic autonomy, economic diversification, connectivity and geoeconomics, security enhancement and counter terrorism, diplomatic balancing and image building. These dimension of multilateral foreign policy can be enhanced through this new multilateralism through SCO and BRICS by Pakistan.

Expansion of BRICS : From Economic BLOC TO STRATEGIC PLATFORM

In 21st century, BRICS has expanded from its traditional

Character of Economic Bloc to Strategic platform. BRICS was originally formed by founding members like China, Russia, India, Brazil and later South Africa in 2010. It was basically focused to expand economic linkage among the members but since expansion in 2024 when Saudi Arabia, UAE, Iran, Egypt, Ethiopia, it is marked as the strategic block that has the capacity to challenge the new world order. After that it is called as the BRICS plus.

It is significant because it represents 46% of world population, ~36% of global GDP and over 40% of the global oil production.

Significance of BRICS in the new multi lateralism

The development of NDB (New development bank) as alternative of the IMF and world bank has significantly challenged the bretton wood financial system.

Similarly, push to words de-dollarization, BRICS + currency and the local currency in BRICS + trading is a new dimension in the new multilateralism.

South-South cooperation without financial and political conditionalities are challenging western economic and political dominance.

"BRICS hold ~36% of the global GDP in Purchasing power parity".

(BRICS annual Report 2022)

Expansion of SCO: FROM REGIONAL SECURITY TO EUROASIAN MULTILATERALISM.

SCO has been expanding from its basic principle of collective regional security to a Euroasian multi-lateral forum. It was founded as the Shanghai Five and inclusion of Turkmenistan made it SCO in 2001. (China, Russia, and four CARS). Expanded more by the addition of India and Pakistan as the permanent members in 2017 and Iran in 2023.

SCO is very important because it is the only multilateral forum which has 4 nuclear powers as permanent members, 40% of world population and major energy producers. Consensus based decision making, Security cooperation, institutionalizing Belt and Road initiative and policy of non-interference.

Significance of New multilateralism through SCO.

SCO is called as the NATO of South in western academia. It rejects interventionism, ^{upholds} regime security and internal stability, and blend of security and diplomacy.

"SCO tacitly challenges the security alliance of NATO without becoming the formal military alliance".
(Bratinnica)

STRATEGIC IMPLICATION FOR GLOBAL ORDER AND NATURE OF 'NEW MULTILATERALISM'

The nature of new multilateralism and SCO/BRICS as its implementer is not anti-west and Anti-liberal but not western centric. Its power structure is multipolar unlike existing unipolar, Institution are NDB, AIIB unlike western centric WB and IMF. Liberal order emphasizes on liberal interventionism and new multilateralism has sovereignty and pluralism.

Dimensions	old multilateralism	new multilateralism
1) Power structure	Unipolar / western	multipolar
2) Institutions	IMF / WB	NDB / AIIB
3) Norms	liberal interventionism	pluralism
4) Economics	conditional aid	development centric
5) leadership	US (mainly)	Collective leadership

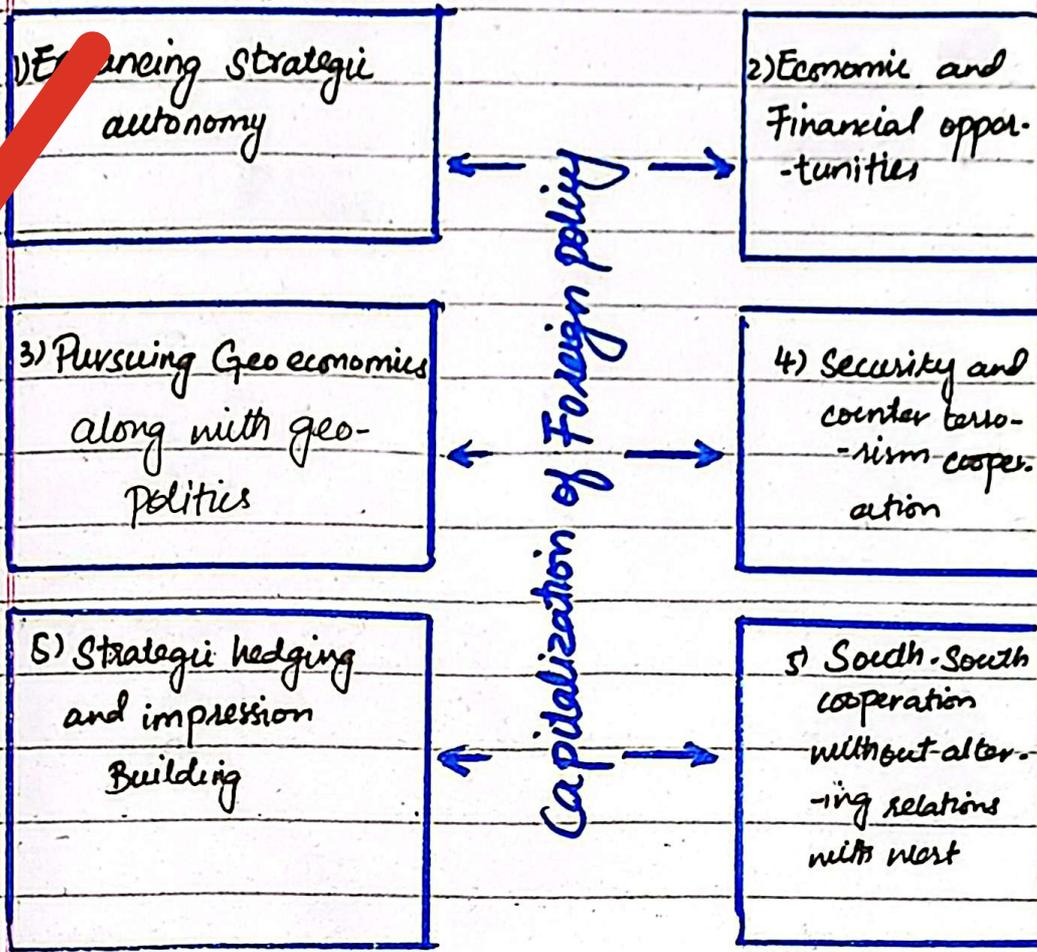


Under this transition of world order, middle powers have many opportunities to enhance their foreign policy options to secure multi domain capitalization. Pakistan also has many opportunities to enhance its multilateral foreign policy.

"The transition of the world order always see conflict, resentment, and clash."
(Henry Kissinger "The World Order")

HOW PAKISTAN CAN CAPITALIZE ITS FOREIGN POLICY OPTIONS ON BRICS+ AND SCO.

Pakistan can capitalize its foreign policy on BRICS and SCO in the following domains.



Enhanced strategic autonomy in transitional world order

Pakistan can reduce reliance on on US and US centric alliances and balance relations with China, Russia Middle East and central Asia. Under SCO shadow, Multi vector foreign policy can be practiced by Pakistan to

④

implement balancing act. Through this, Pakistan can diversify its markets for economy and strengthen bilateral relations with many states but under pressure of west as it does not want this facility. Multilateralism can be carried but Bloc politics can be avoided.

2) Economic and financial opportunities for Pakistan

Pakistan is seeking BRICS+ membership and is already a member of the SCO. Through this, Pakistan can access NDB (New Development Bank) financing for energy projects, climate adaptation, infrastructure beyond IMF dependence and conditionalities. Trade with Russia and Iran can be enhanced if the new currency emerges despite US Sanctions on both.

"Iran-Pakistan Gas pipeline is withheld due to pressure of US on Pakistan and direct Sanctions on Iran".

3) Connectivity and geoeconomics beyond geo-politics

New multilateralism can help Pakistan to leverage CPEC through it, link Gwadar with China, CARs and Russia. Pakistan can make Gwadar regional trade hub and pursue geo-economics effectively.

"Pakistan has to transform its politics (also foreign policy) in order to pursue its geo-economic pivot."

in a meaningful manner": (Dr. Maleeha Lodhi)

4) Strategic hedging and image building of Pakistan

Indian terrorism propaganda can be effectively counter by Pakistan diplomatically in SCO summit. Pakistan can bridge between the Islamic world and the Eurasian region. Balancing act can be practiced as SCO has China and Russia a great powers while maintaining relations with US. Postive image building of Pakistan could be done through, now multilateralism.

5) Security and counter-terrorism cooperation to strengthen internal security

Pakistan can tackle the menace of terrorism by utilizing SCO's Regional Anti Terrorism Structures (RATS). Border management, especially Pakistan Afghan border, can be enhanced and intelligence sharing would take place. This can improve Pakistan's image of net regional stabilizer.

South-South cooperation and human development in Pakistan

Pakistan would be emerged as active and important player in global south. Consensus based policy making with China and Russia can enhance the diplomatic clout of the country without altering relations with west. Human development, climate justice and infrastruc

development in Pakistan will boost.

"Pakistan rank at 0.58 on human development scale globally". (UNDP report)

CONSTRAINTS AND CAUTIONS FOR PAK-ISTAN

- 1) India-Pakistan rivalry can make hurdles
- 2) Over dependence on China risk balancing
- 3) Reduced credibility without economic reforms
- 4) Maximum avoidance of bloc politics that could be happened.

CONCLUSION

The expansion of BRICS and SCO reflects a transition from old-liberal western dominated world order to sovereignty centered multilateral world order. These platform are offering many options to Pakistan to enhance the foreign policy diversification in the form maximum strategic autonomy, geo economics, counter-terrorism, strengthening financial conditions, balancing ad and south south cooperation. If leveraged wisely, multilateralism through BRICS and SCO can strength the multilateral dimensions of Pakistan's foreign policy in the emerging world order.

Question no 3

Analyze Pakistan's journey with IMF. Is it a path to long term economic stabiliz-
-ation or merely a source of short-term relief? In this context, discuss the key economic challenges Pakistan faces, parti-
-cularly structural inefficiencies and political instability, and their impact on sustainable growth.

INTRODUCTION

Pakistan's current engage-
-ment with International Monetary Fund (IMF) is a defining feature of economy. Since 1950, Pakistan has entered into more than 23 IMF programmes. The most recent one is Extended Fund Facility (EFF) in September 2024 with \$7 billion for avoiding default and the macroeconomic stability. It rescued Pakistan many times from chronic balance of payment crises and default risks. But it raises question that: Is the IMF offer a pathway to long-term economic stabilization or merely is a source of short term relief. The case of Pakistan is a little complex because here structural inefficiencies and political instability are also hurdles in the path of long term economic prosperity.

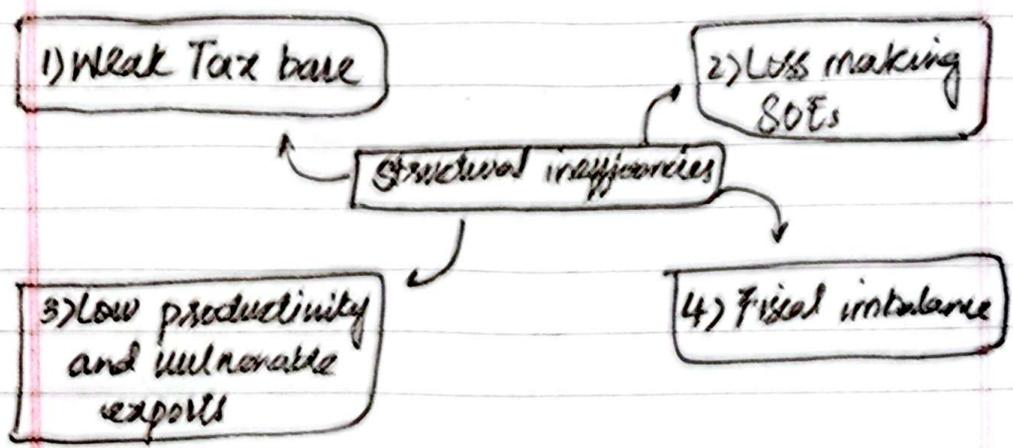
IMF PROGRAMS: PATH TO LONG TERM STABILIZATION OR SHORT TERM RELIEF?

IMF programmes are designed to restore macroeconomic discipline, fiscal consolidation monetary tightening and structural reforms. In the case of Pakistan, short-term IMF programmes have succeeded. Foreign exchange reserves, and restoring market confidence

is a core function of IMF in short term lending. However, the repetitive nature of IMF programmes underscores that it does not help in long term prosperity of economy. Once a program ends, the economy again goes in the quagmire of crisis. This phenomenon shows that IMF programs are short term fighting network rather than long term strategy to strengthen the economy. IMF help states to adopt reforms but internal political will of the state is crucial for this where Pakistan economy struggling.

STRUCTURAL INEFFICIENCIES: THE CORE ECONOMIC CHALLENGE IN PAKISTAN

There are chronic structural inefficiencies exist in the economy of Pakistan that IMF always wants to resolve but often fails. These deep seated issues include:



1) Weak Tax base in Pakistani economy

Weak tax base is the chronic issue. A narrow tax base, widespread evasion, and elite exemptions keep the tax-to-GDP ratio among the lowest in emerging economies. Consequently,

the state relies on foreign borrowing rather than revenue generation, perpetual debt dependence.

2) Loss making state-owned

Enterprises of Pakistan

SOEs are the constant pressure of economy in the form of liabilities. Particularly, in energy, aviation and railways, continue to drain public finances. Circular debt in the power sector alone consumes vast fiscal resources, crowding out development spending.

"The cumulative loss of SOEs in 2024 was 5.9 trillion rupees".

(Pakistan Bureau of Statistics)

3) Low productivity and export concentration

This issue is also chronic and a major impediment of structural flaws in Economy. Pakistan's export base is narrowly focused on low-value textiles, making the economy vulnerable to external shocks and unable to generate sufficient foreign exchange.

"Total exports of the country are 30 billion dollar in 2023-2024"

"Economic Survey of Pakistan"

4) Fiscal deficit in Pakistan:

a persistent issue of economy

Fiscal deficit means that the earning and expenditure of the country are disturbed. This structural flaw in the economy can not allow progressive reforms as the expenditures of the country are high and earning is low.

"Fiscal deficit in Pakistan is 2.6% of GDP".

(Economic Survey of Pakistan)

Although, IMF conditionalities target these inefficiencies through tax reforms, SOE restructuring and market-based pricing, implementation remains partial. As a result, structural weaknesses persist, preventing the transition from stabilization to sustained growth.

POLITICAL INSTABILITY AND ITS IMPACTS ON ECONOMIC SUSTAINABILITY.

Political instability is perhaps the most significant obstacle to the success of IMF-led reforms. Pakistan's history of frequent government changes, civil-military tensions, judicial activism, and political polarization has produced policy inconsistency.

Successive governments often adopt IMF-mandated austerity measures under compulsion, but abandon them once political pressure mounts. Subsidies are restored, reforms diluted and fiscal discipline compromised for short-term electoral gains. This lack of continuity erodes the credibility of reforms and discourages investments.

Moreover, elite resistance to taxation and reform further weakens implementation. Powerful interest groups often block structural changes that threaten their privileges, shifting the burden of adjustment onto the middle and lower classes. This not only undermines economic efficiency but also fuels social discontent making reforms politically unsustainable.

Thus, political instability converts IMF program into temporary arrangements rather than long term solutions.

IMPACTS OF STRUCTURAL FLAWS AND POLITICAL INSTABILITY ON SUSTAINABLE ECONOMIC GROWTH

1) Persistent low and volatile economic growth

2) Crowding out of Development and Human capital investment

3) Weak investment climate and export competitiveness

4) Rising inequalities and societal strain

1) Persistent low and volatile economic growth

Frequent IMF led stabilization cycles, combined with structural weaknesses, have resulted in stop-start economic growth in Pakistan. Austerity measures compress demand in the short run, while the absence of productivity enhancing reforms prevents long term expansion.

2) Crowding out of Development and Human Capital investment

High debt services and fiscal consolidation under IMF programs significantly reduce public spending on education, health, and infrastructure. This undermines human capital formation and limits improvements in labor productivity, key drivers of sustainable growth.

3) Weak investment climate and export competitiveness

Political instability and policy uncertainty discourage domestic and foreign investment while structural inefficiencies keep exports low-value and uncompetitive. IMF programmes may stabilise macro indicators but with reforms in governance, energy pricing and industrial diversification, Pakistan fails to attract investment.

4) Rising inequality and social strain undermining growth

IMF driven adjustments, such as subsidy cuts and indirect taxation, disproportionately affect lower and middle class. Rising inequalities and social discontent weaken political support for reforms and ultimately undermine growth.

CONCLUSION Consequently, Pakistan's journey with IMF has been indispensable for short term economic stabilization but insufficient for long term sustainability. IMF programmes have repeatedly prevented default and restored macroeconomic order, yet Pakistan's return to the funds highlight unresolved structural and political strains.